

Union Calendar No. 279

117TH CONGRESS
2D SESSION

H. R. 4140

[Report No. 117-368]

To make improvements with respect to the pricing of cattle in the United States, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2021

Mr. JOHNSON of South Dakota (for himself, Ms. SPANBERGER, Mr. MANN, Mrs. HARTZLER, Mr. BAIRD, Mr. CUELLAR, Mrs. FISCHBACH, Mr. FEENSTRA, and Mr. LUCAS) introduced the following bill; which was referred to the Committee on Agriculture

JUNE 14, 2022

Additional sponsors: Mr. SMITH of Nebraska, Mr. DELGADO, Mrs. CAMMACK, Mr. WESTERMAN, Mrs. HARSHBARGER, Ms. CHENEY, Mr. CLINE, Mr. EMMER, Mrs. AXNE, Ms. WEXTON, Mr. O'HALLERAN, and Mr. GOTTHEIMER

JUNE 14, 2022

Reported with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on June 24, 2021]

A BILL

To make improvements with respect to the pricing of cattle
in the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Butcher Block Act”.*

5 **SEC. 2. ASSISTANCE FOR NEW AND EXPANDED LIVESTOCK**
6 **OR MEAT PROCESSORS.**

7 *(a) IN GENERAL.—The Secretary of Agriculture (in*
8 *this section referred to as the “Secretary”) may make or*
9 *guarantee a loan for the purpose of—*

10 *(1) increasing capacity of livestock and poultry*
11 *processing, facilitating economic opportunity for live-*
12 *stock and poultry producers through processing ac-*
13 *tivities, and diversifying processing ownership;*

14 *(2) increasing the customer base or revenue re-*
15 *turns of livestock and poultry producers through in-*
16 *vestment in processing capacity;*

17 *(3) improving, developing, or financing livestock*
18 *and poultry processing capacity or employment in-*
19 *cluding through the financing of working capital; or*

20 *(4) promoting the interstate trade and local sales*
21 *of processed livestock and poultry by financing im-*
22 *provements to meet relevant Federal, State, and local*
23 *regulatory standards.*

24 *(b) ELIGIBILITY; GENERAL LIMITATIONS.—*

1 (1) *ELIGIBLE RECIPIENT.*—An entity shall be el-
2 igible for a loan or guarantee under this section if the
3 entity is—

4 (A) a public, private, or cooperative organi-
5 zation organized on a for-profit or nonprofit
6 basis;

7 (B) an Indian tribe on a Federal or State
8 reservation, or any other federally recognized In-
9 dian tribal group; or

10 (C) an individual.

11 (2) *FACILITY LOCATION.*—

12 (A) *IN GENERAL.*—Except as provided in
13 subparagraph (B), a facility constructed, ex-
14 panded, modified, refurbished, or re-equipped
15 with proceeds from a loan made or guaranteed
16 under this section shall be in a rural area.

17 (B) *EXCEPTION.*—A facility constructed, ex-
18 panded, modified, refurbished, or re-equipped
19 with proceeds from a loan made or guaranteed
20 under this section may be in a non-rural area
21 if—

22 (i) the primary use of the loan in-
23 volved is for the facility, and the facility
24 will increase the customer base or revenue
25 returns of livestock and poultry producers

1 *that are located within 300 miles of the fa-*
2 *cility;*

3 (iii) *the loan involved will be used to*
4 *increase the capacity in livestock and poul-*
5 *try processing in a region; and*

6 (iv) *the principal amount of the loan*
7 *involved does not exceed \$50,000,000.*

8 (C) *RURAL AREA DEFINED.—In this para-*
9 *graph, the term “rural area” has the meaning*
10 *given the term in section 343(a)(13) of the Con-*
11 *solidated Farm and Rural Development Act (7*
12 *U.S.C. 1991(a)(13)).*

13 (3) *LIMITATIONS.—*

14 (A) *LIMITATION ON AMOUNT OF LOAN INVOLVED.—A loan of more than \$50,000,000 may*
15 *not be made or guaranteed under this section.*

16 (B) *LIMITATION ON ELIGIBILITY.—A loan*
17 *may not be made or guaranteed under this sec-*
18 *tion to an entity that is owned in partnership*
19 *or in whole by—*

20 (i) *a foreign entity; or*
21 (ii) *an entity that currently processes*
22 *over 5 percent of the daily harvest of any*
23 *species.*

1 (c) *SPECIAL RULES APPLICABLE WITH RESPECT TO*2 *COOPERATIVES.—*3 (1) *LIMITATION ON AMOUNT OF LOAN INVOLVED.—*

5 (A) *IN GENERAL.*—Notwithstanding subsection
6 (b)(3), a loan of not more than
7 \$100,000,000 may be made or guaranteed for a
8 cooperative organization under this section.

9 (B) *CONDITIONS APPLICABLE IF LOAN INVOLVED IS FOR MORE THAN \$50,000,000.*—A loan
10 of more than \$50,000,000 may not be made or
11 guaranteed for a cooperative organization under
12 this section unless the loan is used to carry out
13 a project that significantly increases the livestock
14 and poultry processing in a region, where insufficient
15 processing capacity exists, as determined
16 by the Secretary.

18 (2) *INTANGIBLE ASSETS.—*

19 (A) *IN GENERAL.*—In determining whether
20 a cooperative organization is eligible for a loan
21 or guarantee under this section, the Secretary
22 may consider the market value of a properly appraised brand name, patent, or trademark of the
23 cooperative.

1 (B) ACCOUNTS RECEIVABLE.—In the sole
2 discretion of the Secretary, if the Secretary deter-
3 mines that the action would not create or other-
4 wise contribute to an unreasonable risk of default
5 or loss to the Federal Government, the Secretary
6 may take accounts receivable as security for the
7 obligations entered into in connection with a
8 loan made or guaranteed under this section, and
9 a borrower may use accounts receivable as collat-
10 eral to secure such a loan.

11 (3) PURCHASE OF COOPERATIVE STOCK.—

12 (A) IN GENERAL.—The Secretary may make
13 or guarantee a loan in accordance with this sec-
14 tion to an individual farmer or rancher for the
15 purpose of purchasing capital stock of a farmer
16 or rancher cooperative undertaking an eligible
17 project under this section.

18 (B) PROCESSING CONTRACTS DURINGINI-
19 TIAL PERIOD.—A cooperative described in sub-
20 paragraph (A) with respect to which a farmer or
21 rancher receives a guarantee to purchase stock
22 under subparagraph (A) may contract for serv-
23 ices to fulfill any eligible purpose under this sec-
24 tion, during the 5-year period beginning on the
25 date the cooperative commences operations, in

1 *order to provide adequate time for the planning
2 and construction of the processing facility of the
3 cooperative.*

4 *(C) FINANCIAL INFORMATION.—A farmer or
5 rancher from whom the Secretary requires finan-
6 cial information as a condition of making or
7 guaranteeing a loan under subparagraph (A)
8 shall provide the information in the manner gen-
9 erally required by commercial agricultural lend-
10 ers in the geographical area in which the farmer
11 or rancher is located.*

12 *(d) CONDITIONS APPLICABLE WITH RESPECT TO
13 USING LOAN INVOLVED FOR REFINANCING.—A borrower
14 may use 25 percent of a loan made or guaranteed under
15 this section to refinance a loan made for a purpose de-
16 scribed in subsection (a) if—*

17 *(1) the borrower is current and performing with
18 respect to the loan to be refinanced;*

19 *(2) the borrower has not defaulted on any pay-
20 ment required to be made with respect to the loan to
21 be refinanced;*

22 *(3) none of the collateral for the loan to be refi-
23 nanced has been converted; and*

24 *(4) there is adequate security or full collateral
25 for the loan to be refinanced.*

1 (e) *LOAN APPRAISAL.*—The Secretary may require
2 that any appraisal made in connection with a loan made
3 or guaranteed under this section be conducted by a special-
4 ized appraiser that uses standards that are similar to
5 standards used for similar purposes in the private sector,
6 as determined by the Secretary.

7 (f) *PREFERENCE.*—In making or guaranteeing a loan
8 under this section, the Secretary shall give a preference to
9 applicants that have experience in livestock and poultry
10 processing and can quickly scale-up to increase overall
11 processing capacity in the region involved.

12 (g) *LIMITATIONS ON AUTHORIZATION OF APPROPRIA-
13 TIONS.*—There is authorized to be appropriated to carry out
14 this section \$100,000,000 for each of fiscal years 2023
15 through 2025.

16 **SEC. 3. NEW AND EXPANDING LIVESTOCK OR MEAT PROC-
17 ESSING GRANTS.**

18 (a) *IN GENERAL.*—The Secretary of Agriculture may
19 make grants to—

20 (1) expand, diversify, and increase capacity in
21 livestock or poultry processing activities;
22 (2) improve compliance with livestock and poul-
23 try processing statutes (including the regulations
24 issued thereunder), such as the Federal Meat Inspec-

1 *tion Act (21 U.S.C. 661) and the Poultry Products*
2 *Inspection Act (21 U.S.C. 454);*

3 (3) *identify and reduce barriers to entry for new*
4 *for new livestock and poultry processors; or*
5 (4) *update, expand, or otherwise improve exist-*
6 *ing facilities.*

7 *(b) ELIGIBLE GRANTEES.—An entity shall be eligible*
8 *for a grant under this section if the entity is—*

9 (1) *a governmental entity;*
10 (2) *a public, private, or cooperative organization*
11 *organized on a for-profit or nonprofit basis; or*
12 (3) *an Indian tribe on a Federal or State res-*
13 *ervation or any other federally recognized Indian*
14 *tribal group.*

15 *(c) USE OF FUNDS.—An entity to which a grant is*
16 *made under this section may use the grant funds to estab-*
17 *lish or support new or expanded livestock or poultry proc-*
18 *essing activity, or other activity which will increase the cus-*
19 *tomer base or revenue returns of livestock and poultry pro-*
20 *ducers, by undertaking project, that—*

21 (1) *identifies and analyzes business opportuni-*
22 *ties, including feasibility studies as required for cred-*
23 *itworthiness;*

1 (2) identifies, trains, and provides technical as-
2 sistance to existing or prospective rural entrepreneurs
3 and managers or processing facilities;

4 (3) provides technical assistance to gain compli-
5 ance with Federal, State, or local regulations;

6 (4) conducts regional, community, and local eco-
7 nomic development planning and coordination, and
8 leadership development; or

9 (5) establishes a center for training, technology,
10 and trade that will provide training to livestock or
11 poultry processing employees.

12 (d) PREFERENCE.—In awarding grants under this
13 section, the Secretary shall give a preference to applicants
14 that have experience in livestock and poultry processing and
15 can quickly scale-up to increase overall processing capacity
16 in the region involved.

17 (e) LIMITATIONS ON AUTHORIZATION OF APPROPRIA-
18 TIONS.—There is authorized to be appropriated to carry out
19 this section \$20,000,000 for each of fiscal years 2023
20 through 2025.

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